

# *The Economic Impact of South Carolina's Forestry Industry*



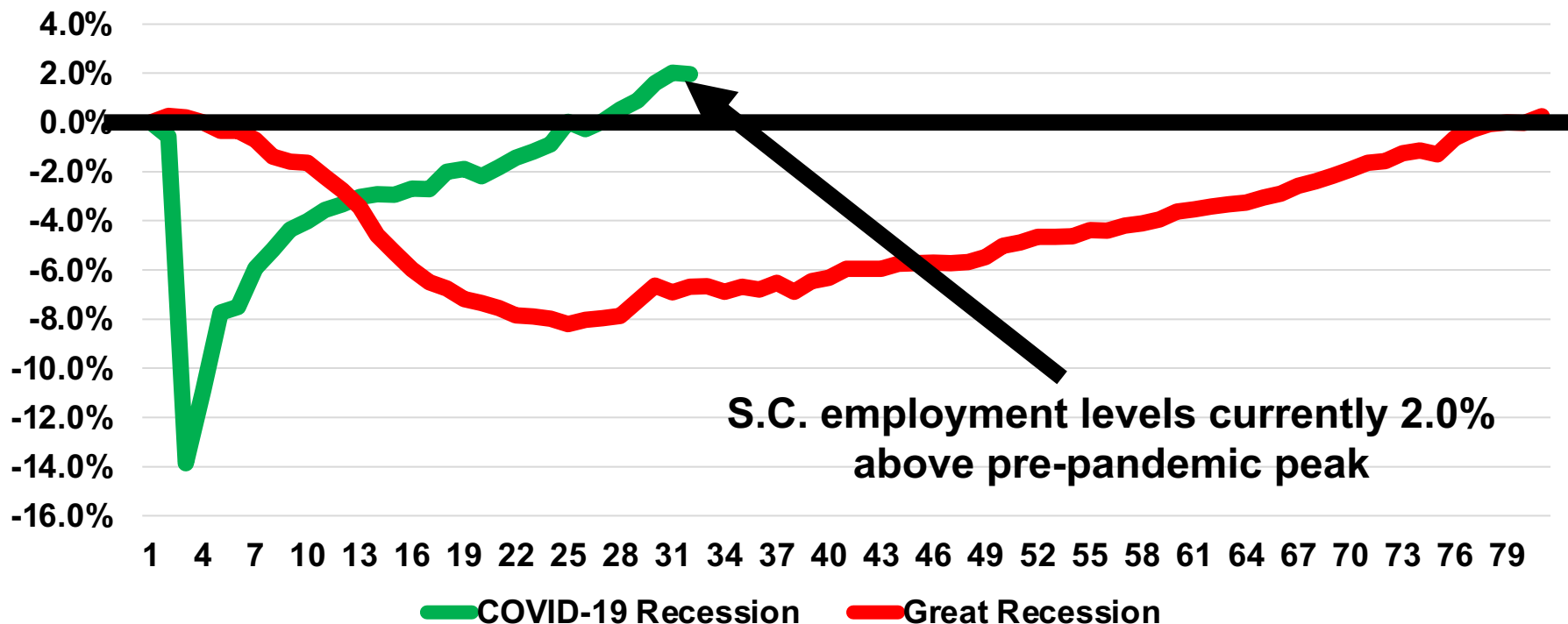
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November 3, 2022*

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*Economic Trends Resulting from the Pandemic  
Have Significantly Impacted Forestry*

# Supply vs. Demand

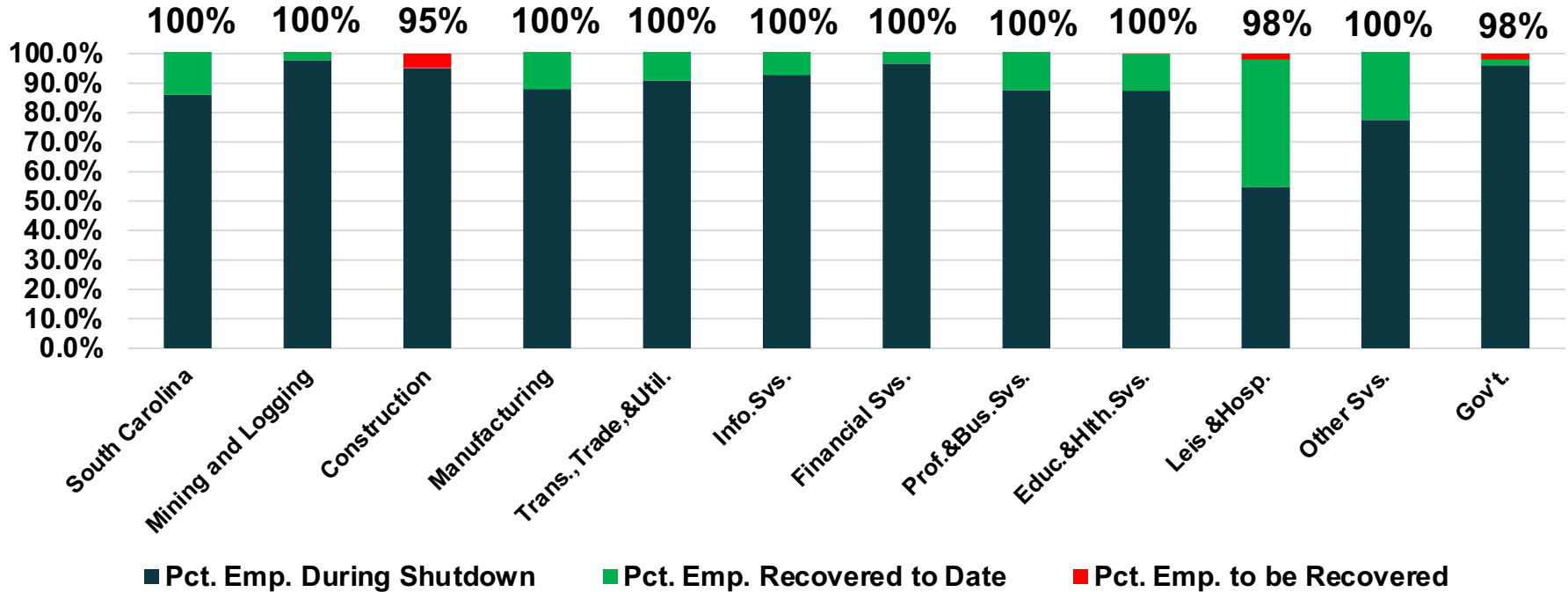
# S.C. Employment as Pct. of Pre-Recession Peak



Source: U.S. Bureau of Labor Statistics, CES-SA

# South Carolina Employment Recovery

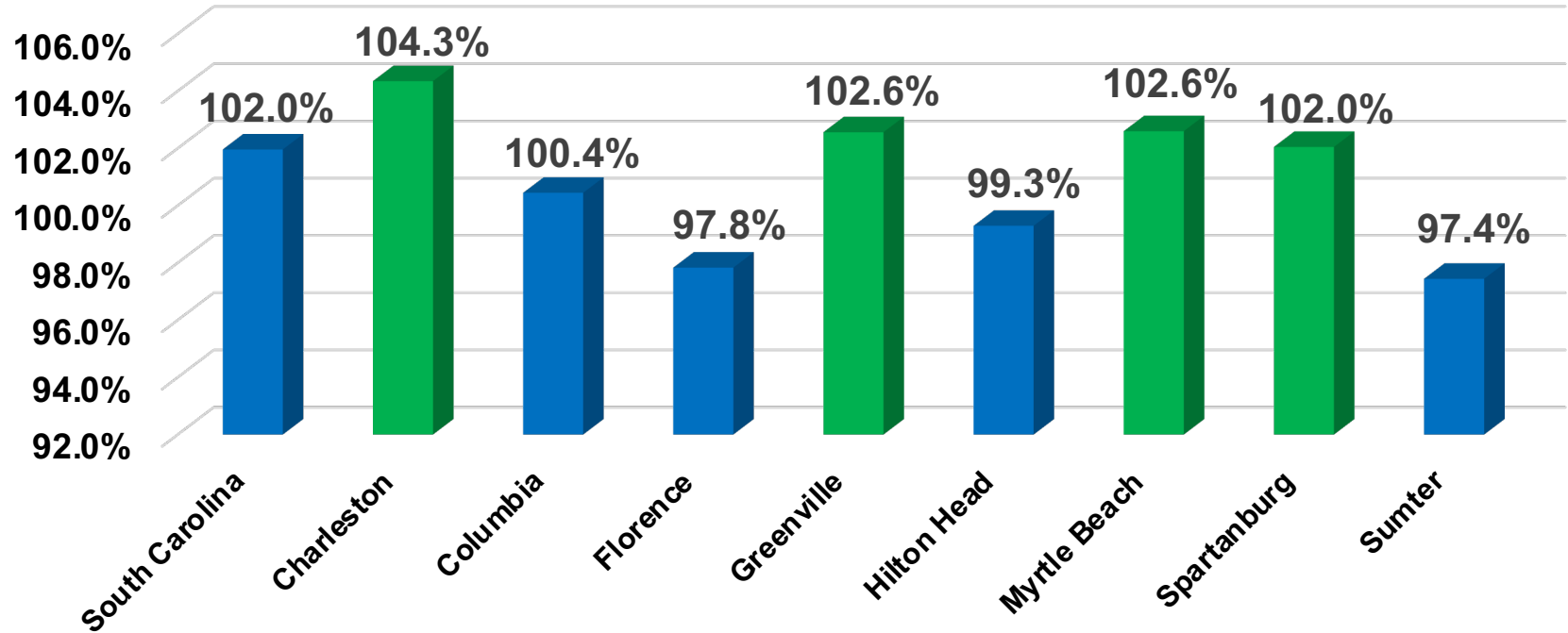
## *Gains and Losses by Industry Sector*



Source: U.S. Bureau of Labor Statistics, CES-SA

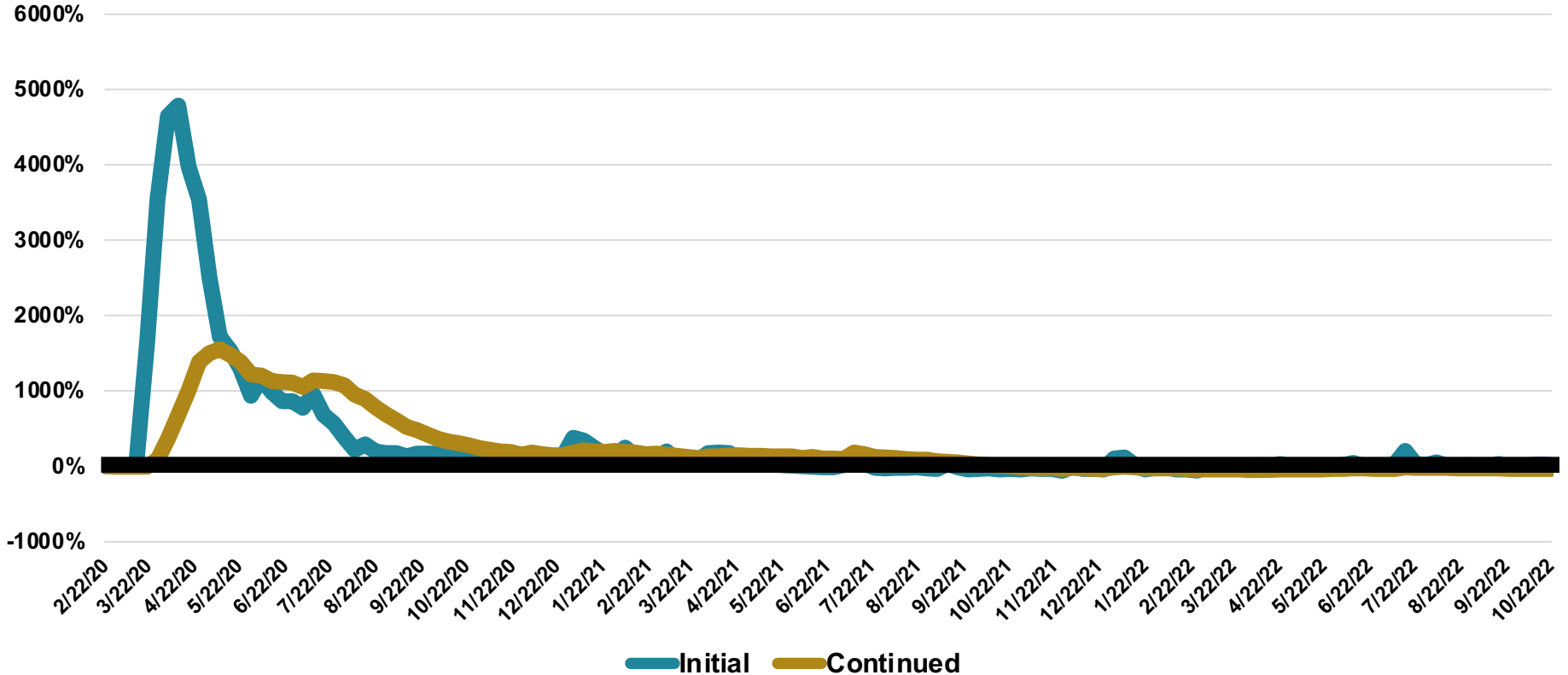
# South Carolina Employment Recovery

*Current Employment Levels vs. Feb. '20*



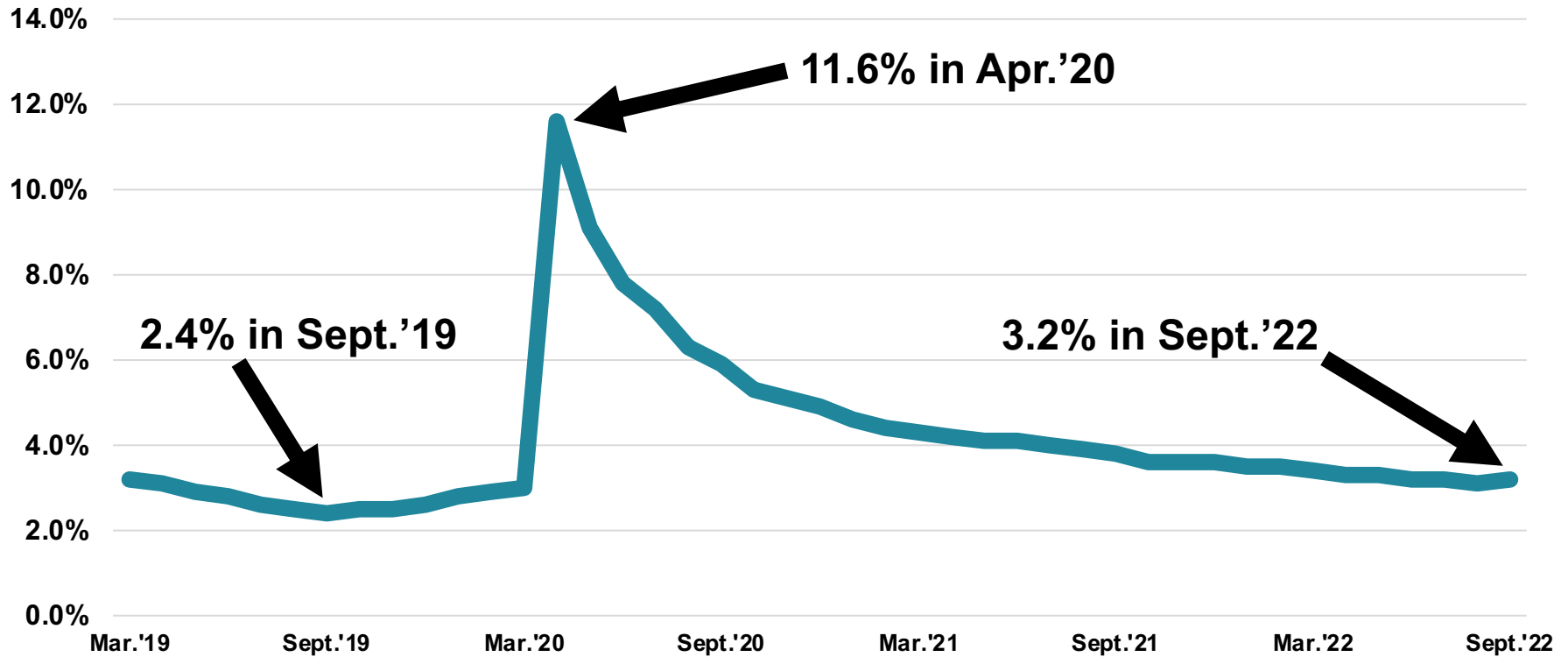
Source: U.S. Bureau of Labor Statistics, CES-SA

# Pct. Increase in S.C. UI Claims vs. Feb.'20



Source: U.S. Department of Labor

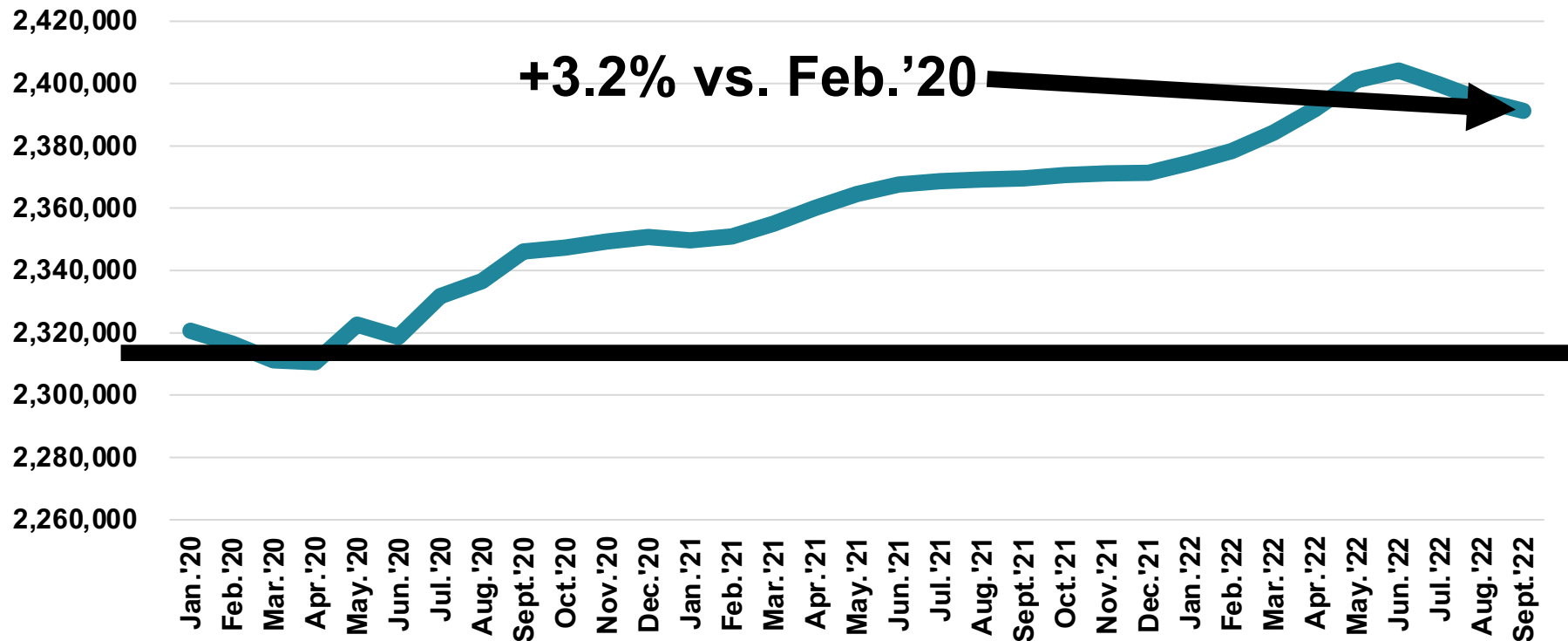
# South Carolina Unemployment Rate



Source: Local Area Unemployment Statistics, SA



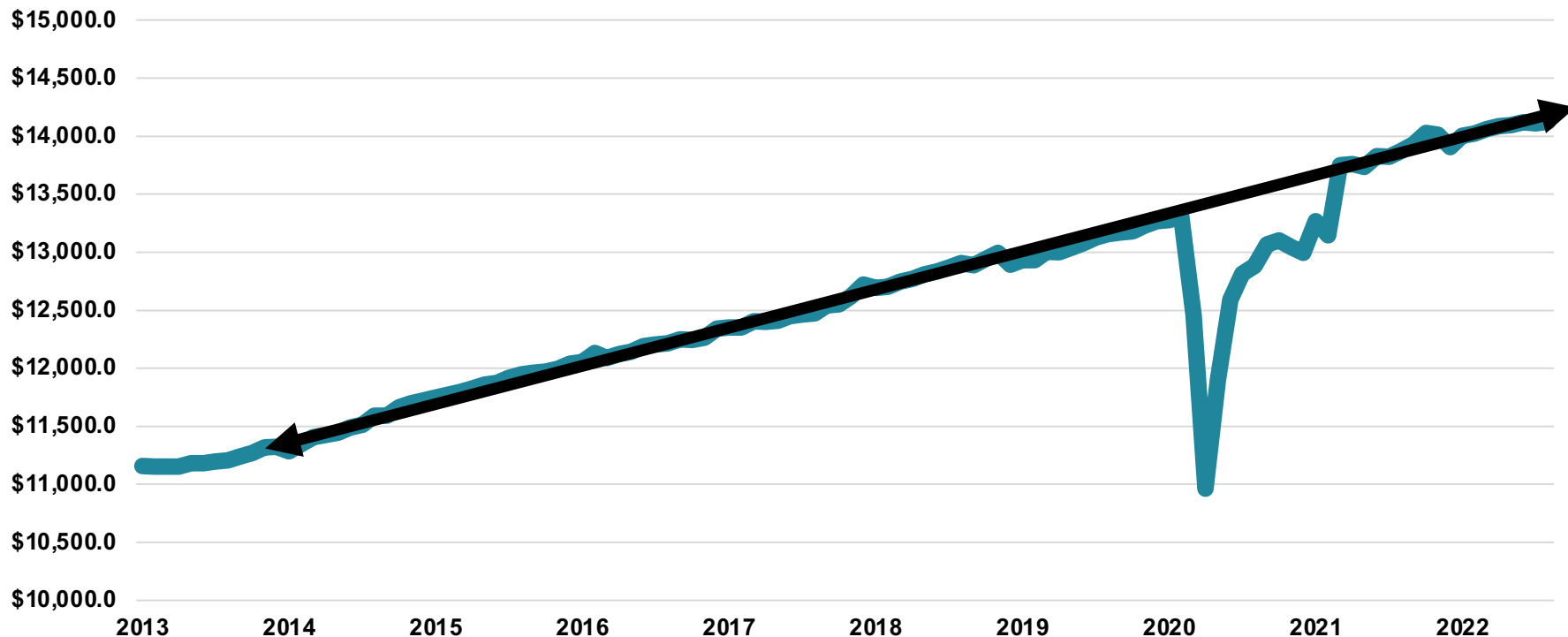
# South Carolina Labor Force



Source: Local Area Unemployment Statistics, SA

# What About Demand?

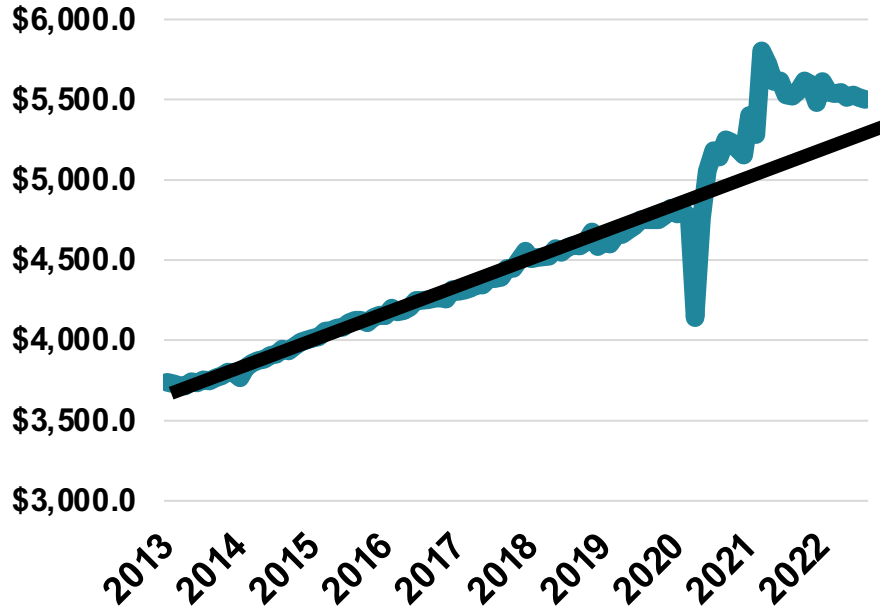
# Real Total U.S. Consumer Spending



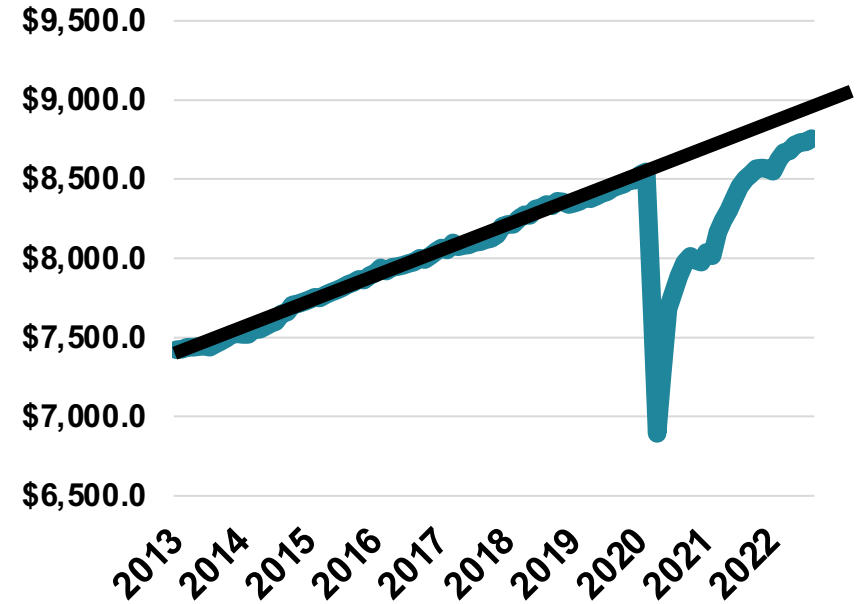
Source: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, in billions

# Real U.S. Consumer Spending

## Goods



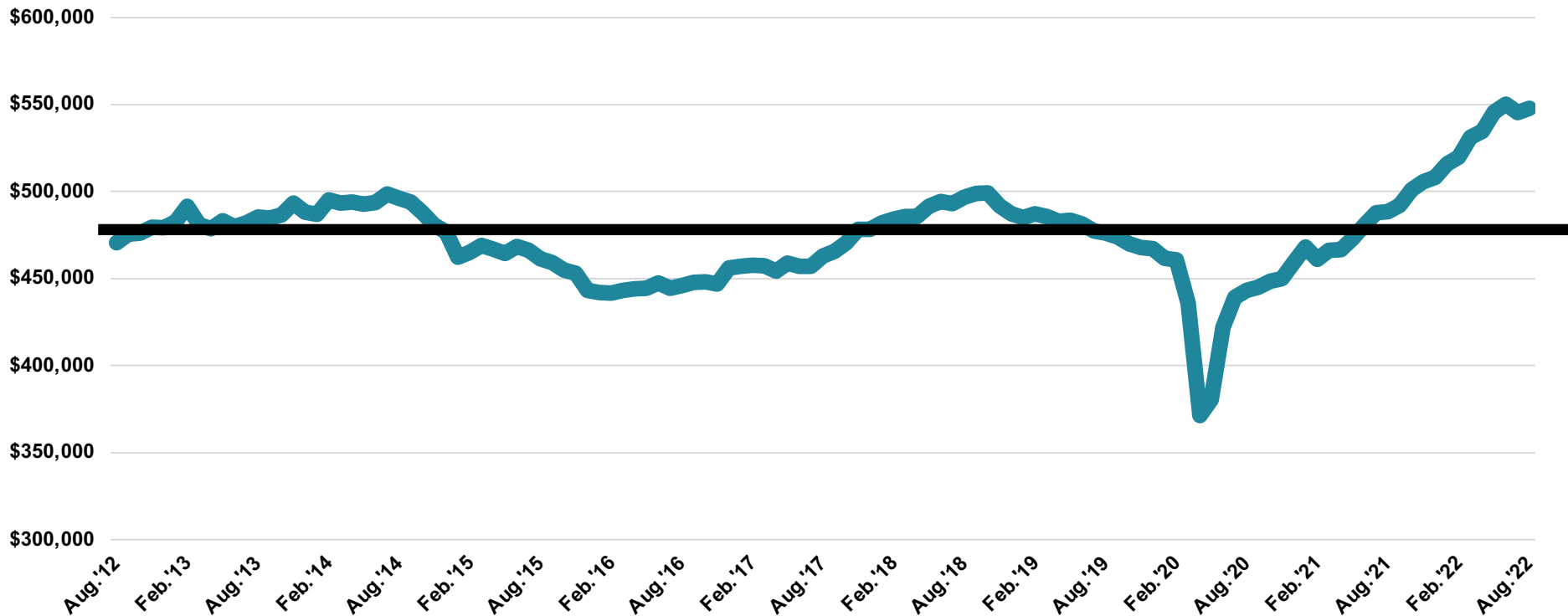
## Services



Source: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, in billions

# Total U.S. Manufacturing Sales

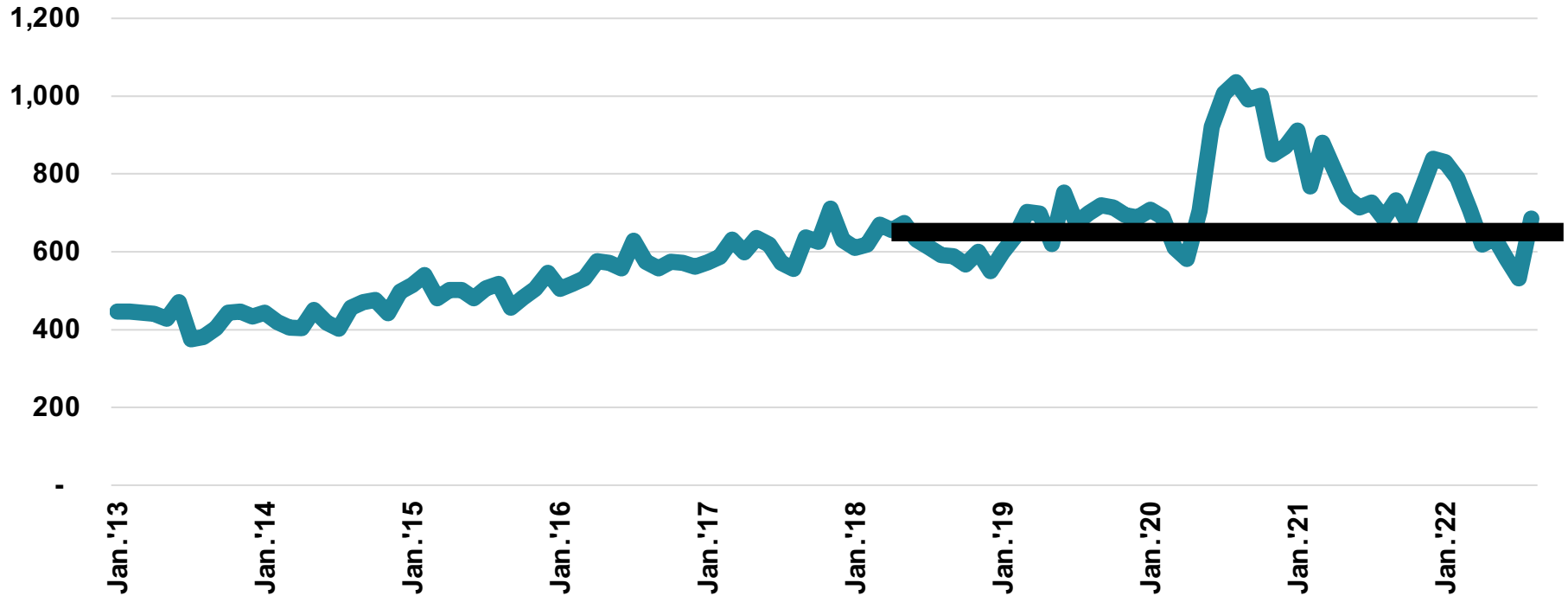
*in millions*



Source: U.S. Census Bureau

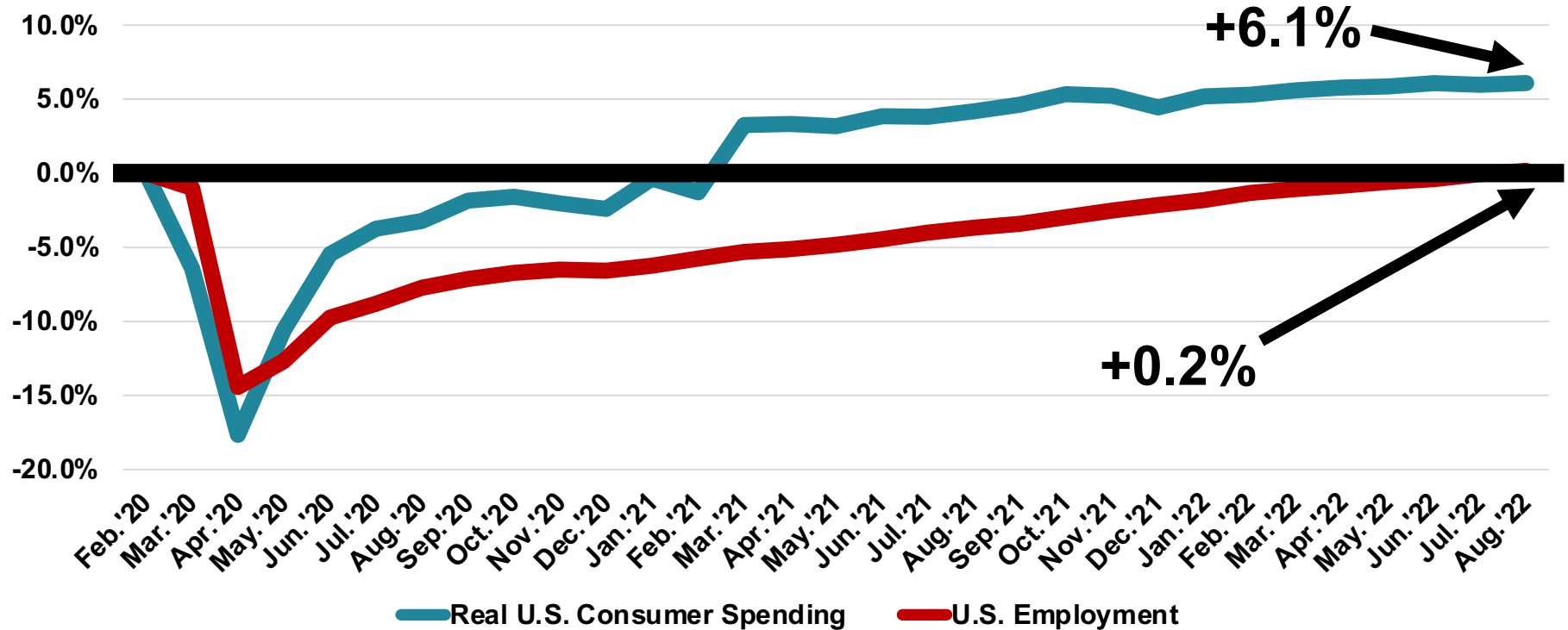
# Total U.S. Single-Family Housing Sales

*in thousands*



Source: U.S. Census Bureau, US HUD

# U.S. Cumulative Growth Since Feb.'20



Source: U.S. Bureau of Labor Statistics, Bureau of Economic Analysis

# Looking Ahead





# What Do We Know About Fed Policy?

- Getting inflation under control is the Fed's highest stated priority
- To date, we've seen 6 rate increases in 2022
- Rates are likely to be increased by another 50-75 basis points before the end of 2022



# **THE RACE BETWEEN INFLATION AND CHECKING ACCOUNTS!**



**THE WINNER COULD DETERMINE  
WHETHER WE SEE A “SOFT LANDING”**

# Why is Forestry Important for SC?

- *Forests are one of the state's principal assets, representing the dominate landscape of the state and providing residents with recreational, wildlife, and environmental benefits*
- *The forestry industry provides the raw materials and serves as a primary supplier for many construction and manufactured-related goods*
- *The forestry industry generates a sizable economic footprint in South Carolina and contributes to the state's growth in unique ways*

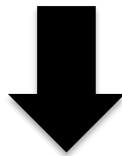
# *Defining the Forestry Industry*

- ➔ *Pulp & Paper (62.9%)*
- ➔ *Solid Wood Products (18.5%)*
- ➔ *Forestry-Based Recreation (8.0%)*
- ➔ *Wood Furniture (5.4%)*
- ➔ *Timber (2.9%)*
- ➔ *Logging (2.3%)*

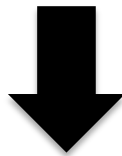
*48,255 employees across South Carolina*

# Economic Impact Analysis

*Initial change in economic activity (e.g., new business formation)*



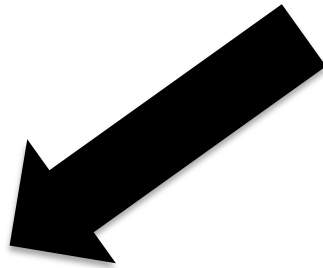
*Spending activity*



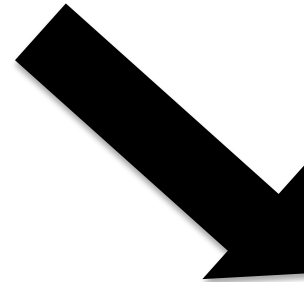
*Economic activity (GDP), Job creation, Income creation*

# Economic Impact Analysis

*Direct Effects*



*Indirect Effects*  
*(Supply Chain Multiplier)*



*Induced Effects*  
*(Household Spending Multiplier)*

# *The Economic Impact of the Forestry Industry*

	<i>Employment</i>	<i>Labor Income</i>	<i>Value Added</i>	<i>Economic Output</i>
Direct Impact	48,255	\$2,922,888,463	\$5,238,329,725	\$14,769,889,934
Indirect Impact	31,418	\$1,758,984,763	\$2,668,851,524	\$5,526,752,954
Induced Impact	20,460	\$897,034,155	\$1,664,510,556	\$2,928,093,541
Total Impact	100,133	\$5,578,907,381	\$9,571,691,805	\$23,224,736,429

*As of 2020, the total annual economic impact of the forestry industry on the state of South Carolina is estimated to be approximately \$23.2 billion. This level of economic activity is associated with approximately 100,133 jobs and more than \$5.5 billion in labor income for South Carolinians.*

# Three Primary Takeaways

*(1) Forestry is among the state's largest industry sectors and generates a significant economic footprint*

*(2) Forestry is a major contributor to both job quantity and job quality in South Carolina*

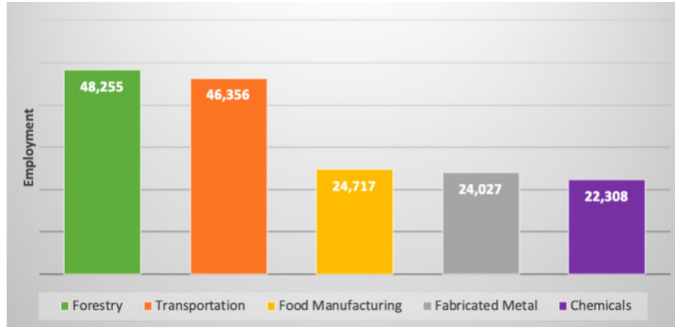
*(3) The forestry industry has been growing faster than the state as a whole in recent years – thus helping to increase overall economic growth in South Carolina*



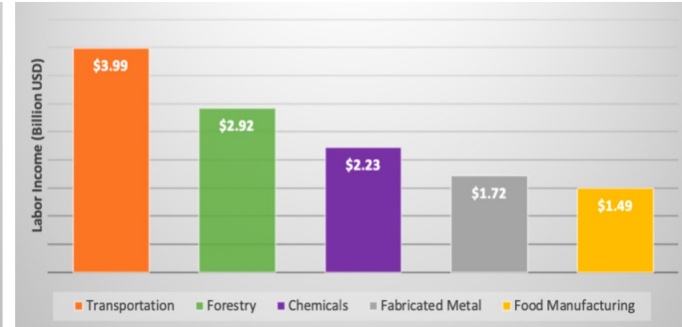


# Direct Economic Impact of Selected S.C. Aggregate Industry Sectors

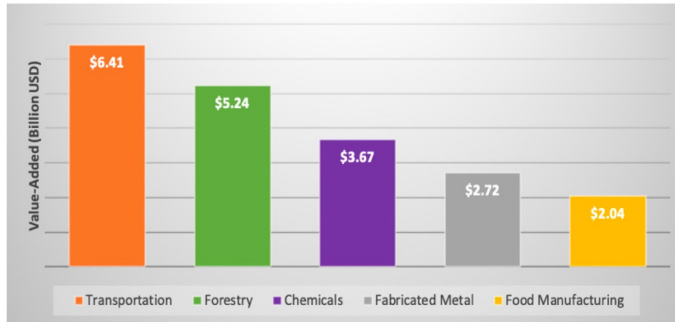
## Employment



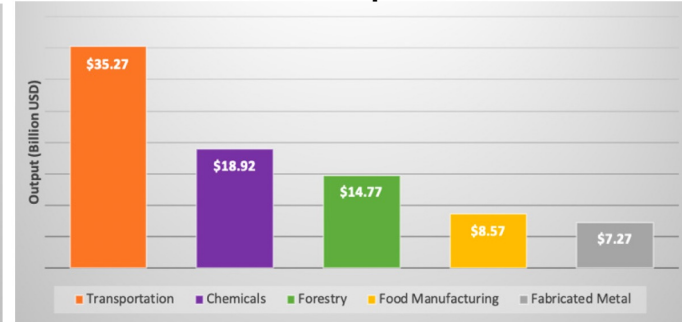
## Labor Income



## Value Added

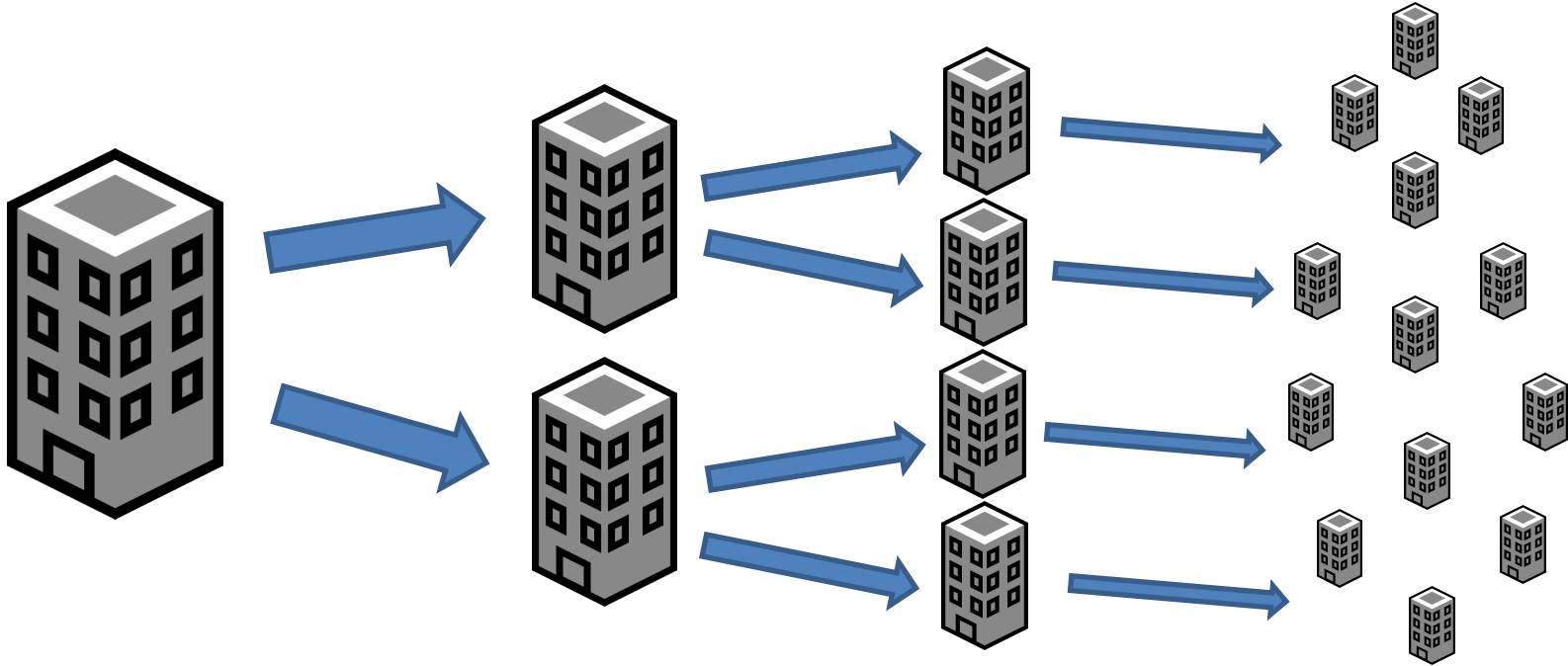


## Output



# Job Quantity vs. Job Quality

# The Multiplier Effect



# The Multiplier Effect

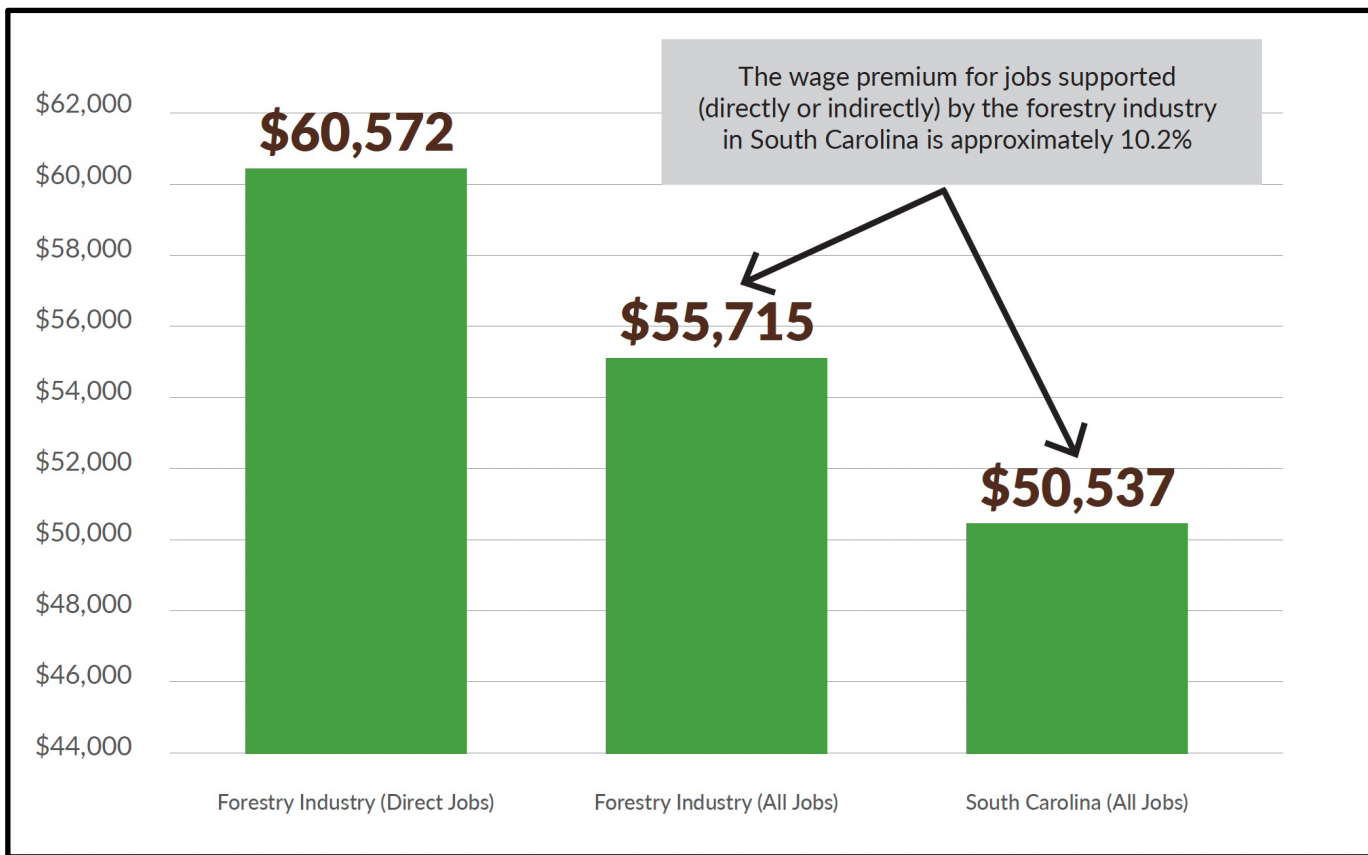
- *The forestry industry maintains a statewide employment multiplier of 2.1*
- *For every 10 jobs created directly by businesses in the forestry industry, another 11 jobs are created elsewhere in South Carolina*
- *The average industry multiplier in South Carolina is 1.7*

# The Multiplier Effect

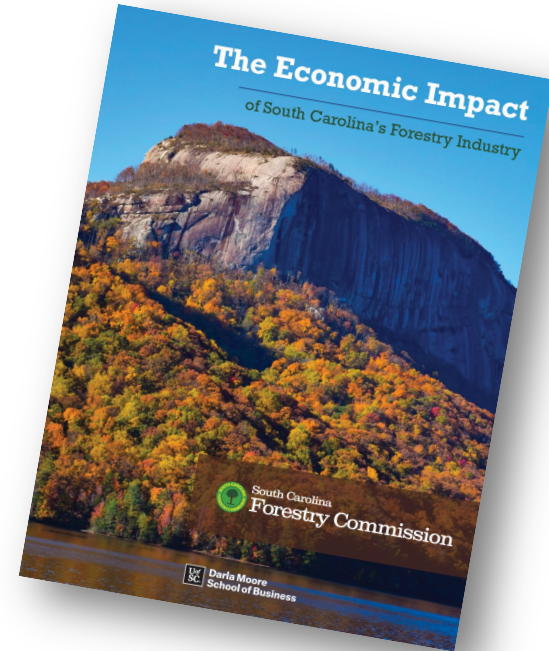
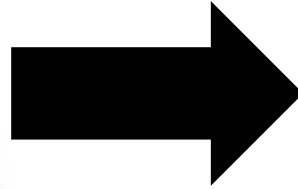
- *The forestry industry maintains a statewide employment multiplier of 2.1*
- *For every 10 jobs created directly by businesses in the forestry industry, another 11 jobs are created elsewhere in South Carolina*
- *The average industry multiplier in South Carolina is 1.7*

*Future growth in the forestry sector will likely generate a higher employment return relative to the average industry in South Carolina.*

# South Carolina Annual Wage Comparisons



*The forestry industry is estimated to have expanded at an annual rate of 4.8 percent between 2017 and 2020, or about 1.4 percentage points faster than South Carolina's economy as a whole over the same time period (+3.4%).*



# The Bottom Line

- *The annual economic impact of the forestry industry on South Carolina totals **\$23.2 billion**, which is associated with **100,133 jobs** and **\$5.5 billion in labor income** for South Carolinians. This makes forestry one of the state's largest industry sectors.*
- ***Forestry also maintains an employment multiplier (of 2.1)** that far exceeds the state average as well as supporting jobs that offer a 20 percent wage premium over the average S.C. job. This implies that **future growth in the forestry industry can generate higher employment returns for South Carolina relative to the average industry.***
- *Because of increased levels of social distancing beginning in 2020, there has been significant growth in durable goods spending as consumers have shifting away from spending on in-person services. This is one reason the **forestry industry has expanded by 1.4 percentage points faster than the S.C. economy between 2017 and 2020 (+4.8% vs. +3.4%).***
- ***The forestry industry is well-positioned for continued strong growth in the coming decade.** The Southeastern U.S. is projected to experience the highest rates of population growth, meaning that businesses producing consumer goods are going to be increasingly looking to locate or expand in the Southeast. This will provide growth opportunities for S.C. forestry-related businesses.*



*Thank You!*